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Knowing Your Sales Tax Rate Could Save You Money

OLYMPIA, Wash., June 11, 2008 – Some consumers may save money on sales tax due to a change in how the tax is collected on shipped and delivered goods beginning July 1.

That's because the sales tax for shipped or delivered goods will be based on where the customer receives the product rather than the point from which it is shipped.

It may pay to know your rate, because purchasers should be charged less sales tax if the rate at their residence or business is lower than the rate where the store or its warehouse is located. Others may pay more, or the tax rates will be the same. If a person takes possession at the point of purchase, the sales tax will continue to be the rate at the store location.

This change in sales tax collection was required for Washington to join a national effort to standardize the way each state taxes goods. The goal of this effort is to encourage out-of-state retailers to begin charging sales tax on sales into Washington and eliminate the unfair competitive advantage they have over in-state businesses that are required to charge sales tax.

“We want the public to be aware of these changes, which in some cases will mean lower sales tax rates,” Revenue Director Cindi Holmstrom said. “We’ve been working hard to educate businesses on the change and want to make sure consumers know about it too.”

For example, a customer who lives in an unincorporated area of King County between Issaquah and Renton buys a big screen television from a dealer located in Bellevue and has it delivered to her home. The sales tax rate in Bellevue is 9 percent. However, the sales tax rate at the purchaser’s

address is 8.6 percent because it is outside the Regional Transit Authority area. Beginning July 1, she should be charged 8.6 percent rather than 9 percent sales tax. And King County will receive the local sales tax revenue, not Bellevue.

Another example is an Olympia resident who buys a couch and the couch is shipped from the retailer's Kent warehouse. The sales tax rate would be the 8.4 percent rate for Olympia rather than the 9 percent applicable in Kent.

The public can determine the tax rates at their locations by going to <http://dor.wa.gov> and clicking on "Find a Sales Tax Rate (GIS)." More information on the destination-based sales tax program is available at <http://destinationtax.dor.wa.gov>.

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